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STATE DOCUMENTS

MONTANA CONSTITUTIONAL
CONVENTION

ANNUAL REPORT

OF THE

MONTANA HORSE RACING COMMISSION

TO THE

GOVERNOR OF MONTANA

HONORABLE FORREST H. ANDERSON

FOR THE

FISCAL YEAR ENDED

JUNE 30, 1971

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STATE OF MONTANA

MONTANA HORSE RACING COMMISSION

COMMISSION
N. R. (BOB) KALBFLEISCH, CHAIRMAN
P. O. BOX 565
SHELBY, MONTANA 59474

BILL A. FISHER, MEMBER
P. O. BOX 35
BILLINGS, MONTANA 59101

JOHN E. ROBERTS, MEMBER
MULLAN ROAD
MISSOULA, MONTANA 59801

332 FULLER AVENUE
HELENA, MONTANA 59601

October 15, 1971

The Honorable Forrest H. Anderson
Governor
State of Montana
Helena, Montana 59601

Dear Governor Anderson:

In accordance with the requirements of Section 82-4002, R.C.M. 1947, there is herewith submitted to you the report for the Montana Horse Racing Commission, covering the fiscal year ended June 30, 1971.

Major accomplishments during the year included:

** Establishment of 18 racing meets over the fiscal period.

** Establishment of better control over tracks by imposing stringent fines for violations of Rules and Regulations.

** Establishment of lip tattooing and identification equipment at no cost to State through cooperation with Thoroughbred Racing Protective Bureau.

** Improvement in photo finishing and film patrol, along with prevention of use of illegal drugs by thorough laboratory testing of winners.

** Increase in racing in the State of Montana, with the subsequent economical benefits to the State relating to tourism and recreational attractions.

** Beginning of redraft of Rules and Regulations to better supervise racing.

** Establishment of Helena headquarters to better serve the public, for better compliance with state requirements, and better office and financial control.

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** Better control over track licensing and pari-mutuel operations, through Commission personnel's gaining experience in this field.

Recommendations to facilitate the achievement of goals include:

** Completion of the revisions of Rules and Regulations.

** Encouragement of higher purses to attract better horses.

** Use of high quality totalizer systems, subject to Commission approval, to minimize error in the pari-mutuel operations.

** Increased track and pari-mutuel supervision and control through more Commission-controlled staff.

While the fiscal year reporting system splits the horse racing season in half, and therefore makes it difficult to show the improvement in licensing, pari-mutuel handle and total operation of Montana racing on a season-to-season comparison, we would like to note improvement and gains have been very apparent in all aspects of the 1971 racing season, as compared to the 1970 season.

Respectfully submitted,

N. R. Kalbfleisch, Chairman

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PRINCIPAL ADMINISTRATIVE OFFICERS

MONTANA HORSE RACING COMMISSION

COMMISSIONERS:

N. R. Kalbfleisch, Chairman

Bill A. Fisher, Vice Chairman

Dr. Larry Elison (Resigned effective January 1, 1971)

Mr. John E. Roberts (Appointed effective January 1, 1971)

STATE STEWARD:

Mr. C. N. Nuber

OFFICE PERSONNEL:

Mrs. Pat Umphrey, Secretary-Bookkeeper (Resigned effective December 1, 1970)

Mrs. Gwen Blacker, Secretary-Bookkeeper (Appointed effective December 1, 1970)

PRINCIPAL OFFICE:

Montana Horse Racing Commission
332 Fuller Avenue
Helena, Montana 59601

LEGAL REFERENCES

GENERALLY

The statutes relating to the operations of the Montana Horse Racing Commission are contained in Sections 62-501 through 62-514, R.C.M., 1947, known as the Horse Racing Act. Under the Reorganization Act passed during the 1971 Legislative Session, Section 82A-1602(13), the Commission is renamed and continued as the Board of Horse Racing under the supervision of the Department of Professional and Occupational Licensing.

COURT CASES HAVING MATERIAL EFFECT ON OPERATIONS

The Commission was involved in only one court action during the fiscal year, i.e., Robert D. Strain v. State of Montana, et al., No. 34154, in the District Court of the First Judicial District of the State of Montana, in and for the County of Lewis and Clark. This case arose after Mr. Strain, a licensed Owner-Trainer, was suspended for 60 days from racing his horses in Montana, following a lab report to the effect that the drug, polyethylene glycol, was found present in a urine test of his winning horses. Mr. Strain appealed his suspension to the courts. The findings in the Strain case determined that PEG does not mask other drugs, does not effect the speed of the horse, and does not indicate a horse has been injected, and Mr. Strain was thereupon awarded his relief, plus costs. Thereafter, the presence of PEG in a urine test was no longer considered illegal by the Commission; however, if positive tests showing quantities

of PEG or vitamins are regularly found in tests from a given trainer, the problem will be discussed with the trainer. If satisfactory answers and solutions cannot be reached, the Commission will then assign an investigator to that trainer.

PRINCIPAL GOALS

To license, regulate and supervise all racing meets and racing personnel in the State of Montana.

To promulgate rules and regulations to govern racing meets and pari-mutuel betting in the State to assure the utmost protection of the betting public.

To encourage the breeding of race horses within the State.

To establish dates for race meets and meetings to the best interests of the breeding and racing industry in the State of Montana.

MAJOR ACCOMPLISHMENTS SUMMARIZED

PRIORITY	DESCRIPTION	PROGRAM
1	Establish racing dates for 18 meets during fiscal year 1970-71 (See attached schedule).	Regulation
2	Issuance of 1,286 licenses to persons connected with racing in fiscal year, for a total yield of $6,488.00.	Licensing
3	A total of 230 races, or 36.45% of all races held during the fiscal year, were won by Montana bred winners, resulting in a payment of $4,255.95 to the breeders of such horses.	Promotion of breeding in State
4	Policing of racing meets.	Regulation
5	Establish lip tattooing and identification equipment at no cost to State.	Supervision
6	Relocation of general offices of Commission to Helena headquarters.	Administration

MAJOR ACCOMPLISHMENTS DESCRIBED

1. Establish racing dates for 18 meets during fiscal year:

The following dates were set upon application duly made to the Commission in accordance with Section 62-507, R.C.M., 1947:

Racing Dates 1970-71 FY

Helena	July 3-4-5, 10-11-12,	1970
Sidney	July 3-4-5,	"
Shelby - Marias	July 16-17-18-19,	"
Lewistown	July 22-23-24,	"
Great Falls - State Fair	July 26-27-28-29-30-31 August 1-2,	"
Billings	August 5-6-7-8-9-10-11,	"
Glasgow	August 6-7-8-9,	"
Forsyth	August 12-13-14,	"
Kalispell	August 13-14-15-16,	"
Baker	August 15-16,	"
Missoula	August 19-20-21-22,	"
Glendive	August 22-23,	"
Chouteau Co. Fair	August 29-30,	"
Hamilton	August 27-28-29,	"
Shelby - North Central	September 5-6-7,	"
Miles City - Cow Capital	May 8-9-15-16,	1971
Fort Benton - No. Cent.	May 23-30-31, June 6-13-20-26-27,	"
Great Falls - Big Sky	June 18-19-20-25-26-27	"

The 1970-71 fiscal year comprised a total of 76 racing days and resulted in a total mutuel handled of $2,101,143.00, representing an increase of $571,425.00, or 37.58% over the previous fiscal year. Of the 18 tracks licensed during the

fiscal year, two were newcomers to the field, i.e., Shelby North Central and Big Sky at Great Falls. Attached to this section of the report is a complete pari-mutuel report for the fiscal year, setting forth a complete breakdown of the pari-mutuel operations for the period.

2. Issuance of licenses:

A total of 1,286 licenses were issued to persons connected with racing during the fiscal year. Eighteen (18) tracks were licensed and five (5) stable names registered, yielding a total of $6,488.00. Following is a breakdown of registration and licenses issued:

Tracks	18
Owners	249
Trainers	73
Owner-Trainers	227
Jockeys	68
Jockey-Agents	7
Apprentice Jockeys	8
Officials	84
Occupations	547
Stable Registrations	5
TOTAL:	1,286

3. Promotion of Montana Bred winners:

A total of 230 races, or 36.45% of all races held during the fiscal year, were won by Montana bred winners, resulting in a payment of $4,255.93 to the breeders of such horses, in

accordance with Section 62-509. The Montana Bred Winner's Report is as follows:

Racing Meet	Date	Mont. Bred Winners	Returned to Breeder
Billings, Midland Empire Fair	8/70	15	$ 616.00
Great Falls, State Fair	7/70	17	796.00
Hamilton	8/70	8	99.40
Shelby - North Central	9/70	14	230.00
Helena	7/70	22	620.55
Ft. Benton - Chouteau	8/70	8	90.00
Glendive	8/70	2	12.50
Kalispell	8/70	14	161.90
Missoula	8/70	17	285.20
Forsyth	8/70	1	20.00
Glasgow	8/70	16	127.50
Lewistown	7/70	11	93.00
Sidney	4/70	4	38.00
Shelby - Marias	7/70	12	188.32
Baker	8/70	0	-0-
Ft. Benton - North Central	6/71	34	317.56
Great Falls - Big Sky	6/71	27	516.00
Miles City	5/71	8	44.00
TOTAL:		230	$4,255.93

4. Policing of Racing Meets:

Strides made in policing racing meets for the protecting of the betting public, through laboratory testing of all winners, and stringent penalties for violations of rules and regulations by licensees of the Montana Horse Racing Commission, were apparent.

There were 49 positive urine tests made by the State Livestock Sanitary Board laboratiries in the fiscal year, all during the 1970 racing season, as follows:

Drugs	No.
Polyethylene Glycol (P.E.G.)	42
Thiamine	1
Purple Organic Dyes	2
Procaine	1
Phenylbutazone	2
Amphetamine Type Drug	1

For these drug violations, the following action was taken:

In the amphetamine type drug case, Mr. Thomas Williams was suspended from racing in Montana for three years.

After a positive test of phenylbutazone, Mr. Ken Butts was suspended from racing for 90 days.

Mr. William Giles was suspended for 45 days and fined $100.00 for having a hypodermic syringe in his possession.

Mr. Lon March was fined $100.00 and suspended from racing from July 28, 1970, through July 20, 1971, for having an electrical device in his possession. Mr. Marsh was later reinstated as of December 28, 1971.

Mr. Dick Anderson was fined $100.00 for having an electrical stock prod in his possession.

Mr. Ernest L. Mutch was fined $100.00 and suspended for 30 days for having a hypodermic instrument in his possession.

Mr. Robert Strain was suspended for 60 days for P.E.G. violation and later appealed this suspension to the District Court, which decided in favor of Mr. Strain.

Mr. Walter Banis, who was fined $100.00 and suspended, was relieved of his fine and suspension upon the recommendation of the Attorney General's office, who found insufficient evidence against him.

One owner, Larry Canada, was suspended for the balance of the meet for violation of Rule 27, financial responsibility.

It was the decision of the Commission that no action be taken against any of the P.E.G. positive tests, in line with the Strain case referred to under the "Legal" Section of this report.

5. Establish Identification Methods:

Establish lip tattooing and identification equipment at no cost to State, providing positive identification and making it virtually impossible to defraud the betting public by running in a ringer. At present, lip tattooing is not compulsory in Montana.

6. Relocation of General Offices to Helena:

The general offices of the Commission have been moved to 332 Fuller Avenue, Helena, Montana. It is the feeling of the Commission that the Helena location is more centralized for the Commissioners and the public, and that it provides a more permanent headquarters, not affected by a change in Commission membership. Mrs. Gwen Blacker, of the Helena address, assumed the duties of Secretary-Bookkeeper of the Commission as of December 1, 1970. All records and financial data are maintained in the Helena office.

MAJOR RECOMMENDATIONS

	PROGRAM
1. Complete the revision of the rules and regulations.	All Programs
2. Increased track and pari-mutuel supervision and control through more Commission-controlled staff.	Supervision & Regulation
3. Encourage higher purses to attract better horses to State, in competition with meets in other states.	Promotion
4. Use of proven totalizer systems, subject to Commission approval, to minimize error in pari-mutuel operations.	Supervision

RECOMMENDATIONS DESCRIBED

1. Revision of Rules and Regulations:

To best carry out the directives of the statutes governing horse racing in the State of Montana, to better protect the betting public, and to eliminate conflicts within the existing Rules and Regulations, it is felt that the Rules and Regulations should be revised to clarify duties, obligations, violations, penalties, and all other phases of racing, so that future racing meets and pari-mutuel betting in the State of Montana will operate more efficiently and fairly for all concerned.

2. Increased track and pari-mutuel supervision:

To assure protection for the betting public, increased supervision of track operations betting rooms, totalization equipment, pari-mutuel help, etc., should be achieved, with emphasis on providing enough licensed and approved help so that there will be little chance for error.

3. Encourage higher purses to attract better horses:

Large purses naturally attract the better horses. In order to effectively compete with adjacent states for the better race horses, it is felt that encouragement for larger purses should be given fair boards and racing associations throughout the state.

4. Use of electronic or other proven totalizer systems:

In an effort to minimize error in pari-mutuel operation, it is felt that whenever possible, Commission approved totalizer systems, duly licensed, should be employed to work racing meets.

LICENSING

GOALS:

To license all personnel in any way connected with the operation of racing meets in the State of Montana, in accordance with Section 62-505.

ACHIEVEMENTS:

Every effort was made to assure that all racing personnel were qualified and competent.

The Commission worked in cooperation with fair boards and racing associations to effectuate a complete licensing program.

A triplicate receipt book was instigated for license monies, as well as other income, to provide an accurate cross-check on licenses issued at the tracks. (The original receipt was issued to the licensee, one copy was submitted with the monies received to the Helena office, and one copy was retained by the State Steward.)

PERFORMANCE INDICATOR:

There were 1,286 licenses issued, for a total of $6,488.00.*

*This is the first fiscal year total of licenses issued, previous reports having been compiled by racing season. Therefore, there is no historical data available for comparison.

SUPERVISION OF RACING MEETS

GOAL:

To supervise all race meets held in the State of Montana under the terms of the Horse Racing Act, in accordance with Section 62-506.

ACHIEVEMENTS:

One or more Commission member was present at each racing meet.

The State Steward and/or his assistant, personally worked each racing meet during the period, and was responsible for licensing, supervision and inspection of track operations acting on violations of Rules and Regulations. A State Pari-Mutuel Supervisor was present at the meets at which it was deemed necessary.

PERFORMANCE INDICATOR:

See "Pari-Mutuel Report" attached to this report.

REGULATION OF RACING

GOAL:

To assure that the Rules and Regulations of the Montana Horse Racing Commission are upheld in the best interests of the betting public and the racing industry.

ACHIEVEMENTS:

Racing dates set by the Commission, upon application, so as not to create conflicts and thereby deplete entries and attendance at meets.

LABORATORY TESTING:

Laboratory testing of all winners to assure that no drugs have been used on the horses. During 1970, this testing was done by the Montana Livestock Sanitary Board by the chemist in Bozeman; however, since the State lab is no longer able to provide this service, Industrial Laboratories of Denver, Colorado, has been engaged to conduct these tests. These tests are run at track expense, with copies of all lab reports being sent directly to the Commission offices in Helena. Notification of positive tests is made immediately by the Laboratory to the State Steward or Racing Secretary.

Through arrangements with the Thoroughbred Protective Bureau, lip tattooing services are now provided in the State. This method of positive identification eliminates the possibility of running in a ringer in an attempt to defraud the betting public. The tattooing is not compulsory at this time, but is being encouraged.

Fines are levied at the tracks by the State Steward, in conjunction with the track stewards. The Commission promptly held hearings on appeals from any adverse ruling imposed by the

State Steward at the tracks.

The Commission held meetings throughout the year as needed, for the conduct of its business.

PROMOTION OF RACING IN MONTANA

GOAL:

To promote the sport of racing in the State, and to encourage Montana breeding of race horses.

ACHIEVEMENTS:

Two new racing meets were held during the fiscal year, being Big Sky Racing Association and Shelby's Northern Racing Association.

An increase in pari-mutuel handle was recorded over the last fiscal year as follows: 1969-1970, $1,529,718.00; 1970-71, $2,101,143.00, for an increase of 37.35%.

INDICATOR:

See attached "Pari-Mutuel Report".

ADMINISTRATION OF STATUTE

GOAL:

To provide the most economical and efficient administration of the Horse Racing Act, and to keep records as specifically required in Section 62-504.

ACHIEVEMENTS:

Moved Commission offices to Helena, Montana, thereby being more accessible to the State Department of Administration, with personnel working under the close direction and supervision of the Commission.

Set up coded filing system for efficient reference to Commission records.

Establish monthly reconciliation of income and expenditures for more effective control of budget and finances.

Revised list of forms required in accounting for and tabulating all pari-mutuel operations and licensing requirements of the Commission.

Answered correspondence from all over the nation in respect to Montana racing.

Supplies the pertinent data relative to Montana racing to the National Association of State Racing Commissioners, for permanent record thereof.

PROGRAM COST DETAIL

The Montana Horse Racing Commission is a single-agency component; therefore, there will be no "agency program" delineation. The program cost detail below adequately covers all costs for the fiscal year.

Expenditure	1969-70 FY	1970-71 FY
Personal Services	$ 3,132.13	$ -0-
Operations	16,819.60	21,441.66
Capital	436.68	240.56
Refunds	25.00	100.00
TOTAL:	$20,413.41	$21,782.22

*No regular payroll employees -- all personnel hired on contractual basis, included in the costs of operations.

SOURCE OF FUNDING

License Fees	$ 6,488.00
1% Pari-Mutuel Fee	21,011.45
Miscellaneous, fines and balance carried forward from 1969-70 fiscal year	4,043.59
TOTAL Cash on hand during fiscal year	$31,543.04
LESS Total Expenditures	21,782.22
TOTAL: Cash balance forward to 1971-72 fiscal year	$ 9,760.82

A HORSE RACING COMMISSION

PARI-MUTUEL REPORT
.r July 1, 1970 - June 30, 1971

Track ommission	MHRC Com- mission	Breakage	Public Pay-Off	% Re- turn	1969-1970 Handle	Increase/ (Decrease)
0,132.37	2,112.23	2,483.70	166,311.29	78.74	179,035.00	32,188.00
2,281.52	120.08	143.00	9,474.20	78.90	11,696.00	312.00
0,532.27	554.33	802.60	43,504.90	78.48	71,875.00	(16,442.00)
2,447.20	128.80	164.80	10,070.40	78.21	13,566.00	(686.00)
3,379.84	5,967.36	7,296.10	470,092.70	78.78	538,015.00	58,721.00
4,663.73	3,929.67	4,493.00	309,881.00	78.86	329,045.00	63,922.00
3,173.76	167.04	(373.20)	13,736.40	82.23	19,694.00	(2,990.00)
1,032.46	54.34	(18.20)	4,365.40	80.33	7,018.00	(1,584.00)
.6,590.99	873.21	1,303.50	68,898.80	78.90	63,021.00	24,300.00
1,442.86	75.96	90.60	6,007.60	79.11	5,159.00	2,435.00
!3,270.06	1,224.74	1,727.50	96,159.80	78.51	87,670.00	34,804.00
1,818.30	95.70	111.60	7,646.80	79.90	7,056.00	2,514.00
1,659.08	87.32	118.80	6,866.80	78.64	6,514.00	2,218.00
6,791.36	357.44	466.80	28,238.50	79.00	28,793.00	6,951.00
7,373.90	388.10	532.90	30,597.90	78.84	-0-	38,810.00*
9,994.80	499.74	547.30	39,504.20	79.04	41,899.00	8,075.00
17,330.00	866.54	1,034.90	68,680.80	79.26	119,662.00	(33,008.00)
70,177.00	3,508.85	2,907.20	277,800.00	79.46	-0-	350,885.00*
)4,091.50	21,011.45	23,832.90	1,657,837.49	78.90	1,529,718.00	571,425.00**

* Represents new races held during fiscal year

** Increase over last fiscal year at 37.35%

MONTANA HORSE RACING COMMISSION

PARI-MUTUEL REPORT
Fiscal Year July 1, 1970 - June 30, 1971

Date	Track	No. Days	Total Handle	Daily Average	Track Commission	MHRC Commission	Breakage	Public Pay-Off	% Return	1969-1970 Handle	Increase/ (Decrease)
7/70	Helena	6	211,223.00	35,203.83	40,132.37	2,112.23	2,483.70	166,311.29	78.74	179,035.00	32,188.00
7/70	Sidney	3	12,008.00	4,002.67	2,281.52	120.08	143.00	9,474.20	78.90	11,696.00	312.00
7/70	Shelby (Marias)	4	55,433.00	13,858.25	10,532.27	554.33	802.60	43,504.90	78.48	71,875.00	(16,442.00)
7/70	Lewistown	3	12,880.00	4,293.33	2,447.20	128.80	164.80	10,070.40	78.21	13,566.00	(686.00)
7/70	State Fair (GF)	8	596,736.00	74,592.00	113,379.84	5,967.36	7,296.10	470,092.70	78.78	538,015.00	58,721.00
8/70	Billings	7	392,967.00	56,138.14	74,663.73	3,929.67	4,493.00	309,881.00	78.86	329,045.00	63,922.00
8/70	Glasgow	4	16,704.00	4,176.00	3,173.76	167.04	(373.20)	13,736.40	82.23	19,694.00	(2,990.00)
8/70	Forsyth	3	5,434.00	1,811.33	1,032.46	54.34	(18.20)	4,365.40	80.33	7,018.00	(1,584.00)
8/70	Kalispell	4	87,321.00	21,830.25	16,590.99	873.21	1,303.50	68,898.80	78.90	63,021.00	24,300.00
8/70	Baker	2	7,594.00	3,797.00	1,442.86	75.96	90.60	6,007.60	79.11	5,159.00	2,435.00
8/70	Missoula	4	122,474.00	30,618.50	23,270.06	1,224.74	1,727.50	96,159.80	78.51	87,670.00	34,804.00
8/70	Glendive	2	9,570.00	4,785.00	1,818.30	95.70	111.60	7,646.80	79.90	7,056.00	2,514.00
8/70	Chouteau Co.	2	8,732.00	4,366.00	1,659.08	87.32	118.80	6,866.80	78.64	6,514.00	2,218.00
8/70	Hamilton	3	35,744.00	11,914.67	6,791.36	357.44	466.80	28,238.50	79.00	28,793.00	6,951.00
9/70	Shelby (N.C.)	3	38,810.00	12,936.67	7,373.90	388.10	532.90	30,597.90	78.84	-0-	38,810.00*
5/71	Miles City	4	49,974.00	12,493.50	9,994.80	499.74	547.30	39,504.20	79.04	41,899.00	8,075.00
6/71	Ft. Benton (N.C)	8	86,654.00	10,831.75	17,330.00	866.54	1,034.90	68,680.80	79.26	119,662.00	(33,008.00)
6/71	Big Sky (GF)	6	350,885.00	58,480.83	70,177.00	3,508.85	2,907.20	277,800.00	79.46	-0-	350,885.00*
	TOTALS:	76	2,101,143.00	27,646.62	404,091.50	21,011.45	23,832.90	1,657,837.49	78.90	1,529,718.00	571,425.00**

* Represents new races held during fiscal year

** Increase over last fiscal year at 37.35%